

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

FIRST-CLASS MAIL AND PERIODICALS  
SERVICE STANDARDS CHANGES, 2021

DOCKET No. N2021-1

**MAILERS HUB  
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENT  
UNITED STATE POSTAL SERVICE WITNESS STEPHEN B. HAGENSTEIN  
(MH/USPS-T-3-1)  
(May 11, 2021)**

Pursuant to the Postal Regulatory Commission's *Rules of Practice and Procedure* (39 CFR 3010.311), Mailers Hub respectfully submits the following interrogatories to United States Postal Service witness Stephen B. Hagenstein (USPS-T-3) and requests a timely answer under oath. If an interrogatory can be more accurately answered by a different witness, we request that it be redirected accordingly or, if necessary, to the Postal Service for an institutional response.

Please contact the undersigned with any questions.

Respectfully submitted

/s/ Leo F. Raymond  
Managing Director  
Mailers Hub  
Email: lraymond@mailershub.com

MAILERS HUB INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE WITNESS STEPHEN B. HAGENSTEIN (USPS-T-3)  
(MH/USPS-T3-1-18)

**MH/USPS-T3-1.** Please refer to your testimony on page 3, lines 11 and 12.

- a. Please explain the criteria used by an origin processing plant to set its “clearance time,” (CT) and by a destination processing plant to set its “critical entry time” (CET).
- b. Please explain how facilities representing different origin/destination pairs resolve conflicts and/or coordinate their respective CTs and CETs to enable achievement of service standards.
- c. Please explain the role of other functional groups, and other managers and executives in Operations and Logistics in establishing and coordinating CTs and CETs.

**MH/USPS-T3-2.** Please refer to your testimony on page 3, lines 17 through 20.

- a. Please explain the process under which “The CTs and CETs set by the processing facilities and the distance between those postal facilities inform Postal Service decisions regarding the transportation mode(s) necessary to move respective classes of mail between those facilities.”
- b. Please explain the decision steps involved in selecting the mode of transportation to be used; whether that decision ever involves adjusting the CTs and/or CETs to enable alternative choices of transportation mode; and any other criteria that might be part of the decision-making process used by the Postal Service to finalize the CTs and CETs between origin/destination pairs and the modes(s) of transportation to be used for each.

**MH/USPS-T3-3.** Please refer to your testimony on page 4, lines 2 and 3.

- a. Please explain how it is determined that mail must be “transported via air when necessary to achieve the applicable service standards.”
- b. Please explain the process to verify that the use of air transportation, when deemed “necessary to achieve the applicable service standards,” actually yielded its intended result.
- c. Please explain the degree to which air transportation, when deemed “necessary to achieve the applicable service standards,” actually yielded its intended result.

d. Please explain the steps taken if the use of air transportation, when deemed “necessary to achieve the applicable service standards,” does not yield the intended result, and the subsequent procedures to measure the effectiveness of those steps.

**MH/USPS-T3-4.** Please refer to your testimony on page 3, lines 19 through 23, and on page 4, lines 1 through 9.

a. Please explain the criteria used by the Postal Service to determine whether transportation service will be provided by its own drivers (PVS) or by contract drivers (HCR).

b. Please explain why, if “On average, HCR transportation is less expensive than PVS,” HCR would not be the preferred choice for transportation service.

c. Please explain the phrase “PVS is absent,” specifically to clarify whether such absence is abnormal.

d. Please explain if a situation in which “PVS is absent” is the result of a decision governed by consistently-applied policies, and the degree to which local managers have latitude to make their own determination.

**MH/USPS-T3-5.** Please refer to your testimony on page 4, lines 12 through 14, and lines 18 and 19.

a. Please explain the basis for selecting 300 miles as the differentiator between “short-haul” and “long-haul.”

b. Please explain whether the 300-mile distance is applied to all origin/destination pairs and, if not, why not.

c. Please explain whether other criteria, such as the quality and capacity of the highway network, planned intermediate stops, or typical traffic volume, are used to alter the differentiator to a longer or shorter distance.

d. Please explain whether, how often, and under what criteria the 300-mile differentiator is reviewed to assure its validity, and what steps are used to alter it if so indicated by the findings of a review.

**MH/USPS-T3-6.** Please refer to your testimony on page 5, lines 1 and 2.

a. Please explain how it is determined that a truck is “routinely less than 60 percent full.”

b. Please confirm that such a level of utilization would be in accordance with planned utilization and, if so, how the 60 percent level was chosen. If that cannot be confirmed, please explain the load that is expected “routinely.”

c. Please confirm that the Postal Service expects to optimize the utilization of contracted transportation (in this case, HCR transportation).

d. Please explain the criteria that, outside the holiday “peak,” set truck utilization “routinely” and, if that level is not close to or at full capacity, how that level comports with the intent that “the Postal Service can take full advantage of the truck’s carrying capacity.”

**MH/USPS-T3-7.** Please refer to your testimony on page 5, lines 21 through 23, and page 6, lines 1 through 7.

a. Please explain the circumstances under which contracted transportation becomes “over- and under-utilized.”

b. Please confirm that such circumstances indicate a failure to adequately forecast mail volume and contract for the appropriate size vehicle. If that cannot be confirmed, please explain why not.

c. Please explain what steps are taken to monitor for, and to correct over- or under-utilization of vehicle capacity; to verify that such steps were effective; and to take further actions as necessary to prevent or minimize over- or under-utilization of vehicle capacity.

d. Please explain the term “flexibility” and why it is lacking “across the transportation network.”

e. Please confirm that such a circumstance indicates a failure to provide for adjustments to contracted transportation capacity when and as determined by the Postal Service. If that cannot be confirmed, please explain why not.

f. Please explain what steps are taken to monitor for, and to correct inflexibility in HCR contracts; to verify that such steps were effective; and to take further actions as necessary to provide the Postal Service with greater “flexibility.”

**MH/USPS-T3-8.** Please refer to your testimony on page 6, lines 3 through 7.

a. Please confirm that the Postal Service believes the current transportation system is “unbalanced,” resulting in “less efficient direct transportation of mail,” and that “separate networks for separate products, has reduced utilization efficiency.”

b. If confirmed, please explain the time period over which these conditions developed; what management tools were in place to monitor and enable timely correction of an “unbalanced” or “less efficient” network; and what steps were taken to correct an “unbalanced” or “less efficient” network (or, if none were taken, why not).

c. Please explain the decision process that established “separate networks for separate products.”

d. Please explain what steps were taken to prevent “reduced utilization efficiency” as a result; how those steps were monitored for effectiveness; and what further actions were taken to improve “utilization efficiency.” If no steps were taken, please explain why not.

**MH/USPS-T3-9.** Please refer to your testimony on page 6, lines 9 through 16.

a. Please confirm that the purpose of the modeling was to determine the opportunities for additional surface transportation resulting from service standards that enabled more transportation time between facilities.

b. Please confirm that the objective of the modeling was not to define the transportation requirements necessary to meet the current service standards.

**MH/USPS-T3-10.** Please refer to your testimony on page 7, lines 6 through 22, and page 8, lines 1 through 6.

a. Please confirm that the objective of the modeling was to “maximize network efficiencies” and develop routings that are “determined to be cost effective.” If so, please explain the subjective and objective criteria used to determine efficiency and cost-effectiveness.

b. Please explain how various degrees of service standard achievement, under either the current or proposed service standards, were represented as factors in these criteria and determinations.

**MH/USPS-T3-11.** Please refer to your testimony on page 8, lines 1 and 2.

a. In situations where the model compares “the estimated cost for the surface trip to the estimated cost per cubic foot of transporting that volume via the air network,” please explain whether, and if so what, other factors are considered to decide on the mode of transportation to be used for an origin/destination pair.

b. Please explain whether the model assumed only that the proposed service standard changes would apply.

**MH/USPS-T3-12.** Please refer to your testimony on page 8, section B.

a. Please explain the process that resulted in the selection of the cited time periods for the volume inputs.

b. Please explain the evaluation and decision steps used to ensure that the volumes used in the model were reliable representations of future volume; what measures the Postal Service plans to implement to periodically revalidate those volumes; what steps the Postal Service will take to adjust its transportation network accordingly based on those revalidations; and whether those steps will include further changes to service standards.

**MH/USPS-T3-13.** Please refer to your testimony on page 10, line 5.

a. Please explain why the assumption was made that “the average APC would be 75 percent full.”

b. Please explain why a higher figure was not selected in order to support the objective of taking “full advantage of the truck’s carrying capacity.”

c. Please explain if other containers were included in the model, such as “BMC over-the-road” containers, pallet, pallet boxes, etc., and what utilization assumptions were applied to each.

**MH/USPS-T3-14.** Please refer to your testimony on pages 13 and 14, section C.

a. Please explain the process and criteria used in developing the mileage and time in the “proposed service standard assignment rules.”

b. Please explain the reasons why incrementally greater mileage, or more time, were not selected.

c. Regarding the statement:

“The intent of adding incrementally more slack time to the transit windows as distances increased was to encourage pairing of shipments at the origin locations, allow volume transfers via STCs, add buffer time to absorb transportation delays, and still enter letter and flat volume up to the destination CET of 08:00 the day prior to the delivery standard. Allowing such flexibility in the transit time between OD Pairs allows the model to test additional routings for optimization and build efficient routings.”

Please explain the process and criteria used to determine that the model should include “more slack time” in its calculations to “encourage pairing of shipments at the origin locations, allow volume transfers via STCs, [and] add buffer time to absorb transportation delays.”

d. Please explain why the model was not run to optimize direct (non-stop) transportation between origin/destination pairs or to maximize the non-stop distances between pairs that could be allowed while still meeting service standards.

**MH/USPS-T3-15.** Please refer to your testimony on page 15, lines 10 through 13. Please explain the assumptions regarding vehicle size and capacity.

a. Please explain whether smaller trucks (“5-tons”), or different size trailers (40-, 45-, 48-, or 50-foot) were used as variables or, if not, why not.

b. Please explain whether the model was used or allowed to determine whether smaller trucks could be used to provide direct service between origin/destination pairs instead of assigning the related volume to a larger vehicle on an indirect routing.

c. In order to provide “flexibility,” please explain whether the model allowed for the use of trucks of different sizes on a routing between an origin/destination pair, based on fluctuations in volume. If not, please explain why such “flexibility” would not be desirable.

d. Please explain why the “Maximum volume per 53-foot trailers was modeled as 1,575 cubic feet” if, according to a *Guide to Truck Trailers* ([http://www.iccb.org/iccb/wp-content/pdfs/adulted/tdl\\_bridge\\_curriculum/tdl\\_context\\_math/tdl\\_math\\_resource\\_file/Truck\\_Trailer\\_Guide.pdf](http://www.iccb.org/iccb/wp-content/pdfs/adulted/tdl_bridge_curriculum/tdl_context_math/tdl_math_resource_file/Truck_Trailer_Guide.pdf)), the interior capacity of a 53-foot trailer is 3,489 cubic feet.

e. Please explain why the model assumed utilization of only 45.1% of the capacity of a 53-foot trailer.

f. Please confirm that the model assumed that all loads on all trucks would be in APCs, that no modeled loads were in other than APCs that were “75 percent full,” and that no modeled loads were bedloaded. If these cannot be confirmed, please explain the assumed loads.

**MH/USPS-T3-16.** Please refer to your testimony on page 16, lines 12 through 15, and page 17, lines 1 through 15.

a. Please explain the process and steps used to determine the allowance of an “additional 90 minutes for dispatch preparation and staging” and why it is “the USPS-accepted expectation of when volume would be ready for dispatch following the completion of mail processing.”

b. Please explain whether other shorter time criteria were modeled and, if not, why not.

c. Please explain the process and steps used to determine that “STCs are given a minimum of two hours to process volume and/or cross-dock containers.”

d. Please explain whether other shorter time criteria were modeled and, if not, why not.

**MH/USPS-T3-17.** Please refer to your testimony on page 19, lines 13 through 22.

a. Please explain the criteria used when “The final mode selection for these eligible lanes is performed outside the model,” specifically how cost reduction and service optimization are evaluated and accommodated.

b. Regarding the statement

“The results of the model, **being a decision-supporting rather than a decision-making tool**, [emphasis added] will therefore be analyzed by transportation planners to finalize specific lane transportation to account for limitations of the model prior to implementation.”

Please confirm that the model described in your testimony was used to support, and define the necessary service standards to align with, the decision to increase the use of surface transportation. If not confirmed, please define the decision that it was used to support.